

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 874

(Delegates Glassman and McIntosh)

Economic Matters

Education, Health, and Environmental Affairs

Alcoholic Beverages - Limited Winery License - Pomace Brandy

This bill authorizes holders of a Class 4 manufacturer's license (limited winery) to distill and bottle up to 200 gallons of pomace brandy annually, as well as wine, and to sell and deliver pomace brandy to any licensee or permit holder in the State. To each individual who is at least 21 years old and participating in a guided tour of the facility, the limited winery would be authorized to serve up to six ounces of pomace brandy free of charge, sell up to one quart per year of pomace brandy made at the winery, or sell their pomace brandy by the glass. Within specified parameters, the limited winery would be authorized to provide pomace brandy to individuals at bona fide promotional events.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: Authorizing limited wineries to distill, bottle, and sell pomace brandy as well as wine would not materially impact State finances.

Local Effect: None.

Small Business Effect: Potential minimal increase in revenue for those limited wineries that would produce pomace brandy as well as wine.

Analysis

Current Law: Class 4 limited winery manufacturer's licenses are issued by the State Comptroller's Office, Alcohol and Tobacco Tax Bureau at an annual license fee of \$200. A holder of a Class 1 manufacturer's license (distillery) is authorized to distill brandy,

rum, whiskey, alcohol, and neutral spirits. A holder of a Class 4 limited winery license, however, is only authorized to produce wine for bottling and distribution.

Background: There are 16 licensed Class 4 limited wineries in Maryland and no Class 1 distilleries statewide.

Pomace brandy is a type of brandy made from the pulpy residue of the wine press, including the skins, pips, and stems of the grapes. Sometimes, pomace brandy is referred to as grappa.

State Fiscal Effect: Wine is taxed at \$0.40 per gallon, and spirits (including brandy) are taxed at \$1.50 per gallon. The Comptroller's Office advises that, since wineries in Maryland are small operations, if any of these wineries began producing pomace brandy, the quantity produced would be very minimal, thus resulting in a very minimal increase in general fund revenue from taxes levied on spirits.

Additional Information

Prior Introductions: None.

Cross File: SB 668 (Senators Harris and Jacobs) – Education, Health, and Environmental Affairs.

Information Source(s): Comptroller's Office, Kent County, Montgomery County, Prince George's County, Washington County, Worcester County, Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2005
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